TATA MOTORS LTD/FI
Form 6-K
July 28, 2011

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the Month of July 2011

Commission File Number: 001-32294

TATA MOTORS LIMITED

(Translation of registrant s name into English)

BOMBAY HOUSE

24, HOMI MODY STREET,

MUMBAI 400 001, MAHARASHTRA, INDIA

Telephone # 91 22 6665 8282 Fax # 91 22 6665 7799

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ¨ No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ¨ No x

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): Not Applicable

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Tata Motors Limited

By: /s/ Hoshang K Sethna
Name: Hoshang K Sethna
Title: Company Secretary
Dated: July 28, 2011

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This report refers to: group, company, Jaguar Land Rover, JLR etc which refers to Jaguar Land Rover PLC and its subsidiaries.

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KEY FIGURES

	Year ended 31 March		
	2011	**2010**	**% Change**
***Volume** (in 000 s)*			
Retail	**241**	**208**	**16**
Wholesales	**244**	**194**	**26**
£ in millions			
Income Statement			
Revenue	**9,871**	**6,527**	**51**
EBITDA	**1,502**	**349**	
EBITDA Margin %	**15.2**	**5.4**	
Net Income (PAT)	**1,036**	**24**	
Net Income (PAT) %	**10.5**	**0.4**	
Balance Sheet			
Net assets / (liabilities)	**1,475**	**(463)**	
Cash	**1,028**	**680**	
Debt	**1,382**	**3,030**	
Net Debt (Debt less Cash)	**354**	**2,350**	
Cash Flow			
Free Cash flow (Cash from operations plus Cash used in investing)	**876**	**(101)**	

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KEY MILESTONES FOR THE YEAR ENDED 31 MARCH 2011

50th Anniversary of the E-Type

Jaguar hosted E-Type drives at the Parc des Eaux Vives in Geneva, where the original car was launched by the marque s founder Sir William Lyons half a century ago.

The appeal of the E-Type transcended the automotive world. Such is the inherent rightness of its proportions, stance and purity of line, that it is a permanent exhibit in New York s Museum of Modern Art.

Its influence is still apparent in Jaguar s modern range - products that offer a peerless blend of performance, comfort, cutting-edge technology and award-winning design.

75th Anniversary of the Jaguar marque

23 September 2010 marked the 75th anniversary of the Jaguar marque. To celebrate the occasion, a group of 75 individually-numbered, iconic Jaguars from across the years made a two-day journey from Coventry to Goodwood. This exclusive celebration drive, started in Coventry, took in London s May Fair Hotel site of the original Jaguar model launch in 1935 and finished at the UK s largest heritage motor festival, the Goodwood Revival.

Further celebrations of Jaguar s 75th anniversary were unveiled on 30 September 2010 with the C-X75 concept car, embracing 4 wheel electronic drive technology, supported by micro gas turbines to generate power to extend the range to 560 miles, whilst delivering supercar performance and producing only 28 grams of CO_2 per kilometre.

40th Anniversary of the iconic Range Rover

The Range Rover celebrated its 40th birthday on 17 June 2010. Recognised as one of the most significant vehicles in the history of motoring, the Range Rover was the world s first vehicle to be as good on-road as it was off-road. It was the first fully capable, luxury 4x4 and was a milestone in the development of the Sport Utility Vehicle.

The iconic Range Rover s credentials have attracted attention and ultimately ownership from a broad range of high profile individuals including sports personalities, actors, politicians, fashion models and royal households around the globe.

3rd addition to Range Rover product range - Range Rover Evoque

To coincide with the 40th anniversary celebrations Land Rover revealed the Range Rover Evoque. This all-new coupe will join Range Rover and Range Rover Sport in the product line-up during the summer of 2011. The Range Rover Evoque will be the smallest, lightest and most fuel efficient Range Rover ever produced. Customers will have a choice of both 4WD and 2WD versions, with sub 130g/km CO_2. The Range Rover Evoque will be built at the company s Halewood plant. In addition the appointment of Victoria Beckham as Creative Design Executive was announced; she will be collaborating on future special edition Range Rover design projects, starting with a Special Edition Range Rover Evoque.

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Jaguar Land Rover PLC (previously JaguarLandRover Limited)

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DIRECTORS REPORT

The Directors of Jaguar Land Rover PLC present the Annual Report and Audited consolidated Financial Statements of Jaguar Land Rover PLC and its subsidiary companies (the company), for the year ended 31st March 2011.

The company was formed by Tata Motors on 18 January 2008 to acquire Jaguar Cars Limited and Land Rover from Ford. The transaction was completed on 2 June 2008. The company is a wholly-owned subsidiary and integrated business division of Tata Motors, a part of the Tata Group, an Indian business conglomerate with operations in more than 80 countries across six continents. Tata Motors is India s leading automobile company and ranks as the third largest bus manufacturer and the fourth largest truck manufacturer in the world.

Operating review

Business background

The company designs, develops, manufactures and sells Jaguar premium sports saloons and sports cars and Land Rover premium all-terrain vehicles, as well as related parts and accessories. The company has a long tradition as a manufacturer of premium passenger vehicles with internationally recognised brands, an exclusive product portfolio of award-winning vehicles, a global distribution network and strong research and development (R&D) capabilities. Jaguar and Land Rover collectively received over 80 awards from leading international motoring writers, magazines and opinion formers during the year to 31 March 2011.

The company operates three major production facilities and two advanced design and engineering facilities all in the United Kingdom. At 31 March 2011, the company employed 18,059 employees globally (including agency staff of 2,849).

The company operates a global sales and distribution network designed to achieve worldwide sales and facilitate growth in key markets. The company s three principal regional markets are North America, the United Kingdom and the Rest of Europe (including Russia), which respectively accounted for 21.6%, 24.0% and 27.2% of the company s wholesale volumes in the year ended 31 March 2011 and 19.4%, 28.4% and 27.2% in 2010. The company have also increased its presence in China, which accounted for 11.0% of the wholesale volumes in the year ended 31 March 2011 and 9.7% in 2010.

Product design, development and technology

The company s vehicles are designed and developed by award-winning design teams, and the company is committed to a programme of periodic enhancements in product design. The company s two design and development centres are equipped with computer-aided design, manufacturing and engineering tools, and are configured for competitive product development cycle time and efficient data management. In recent years, the company has refreshed the entire Jaguar range under a unified concept and design language and continued to enhance the design of Land Rover s range of all-terrain vehicles.

The company s R&D operations look for synergies through sharing premium technologies, powertrain designs and vehicle architecture. All of the company s products are designed and engineered primarily in the United Kingdom. The company endeavours to implement the best technologies into the company s product range to meet the requirements of a globally competitive market. The company aims to develop vehicles running on alternative fuels and hybrids and also invest in other programmes for the development of technologies aiming to improve the environmental performance of its vehicles including the reduction of CO_2 emissions.

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The company s vehicles

Jaguar Models and Update

Jaguar designs, develops and manufactures premium sports saloons and sports cars recognised for their performance, design and unique British style. Jaguar s range of products comprises the XK sports car (coupe and convertible), the XF saloon and the new XJ saloon.

Launched in 2006, the all-aluminium XK is Jaguar s premium luxury sports car, combining performance and luxury in coupe and convertible models. The XK was significantly updated in 2009 with a new engine and exterior and interior design enhancements, and the XK range has been further revised, with a new look for 2011. The new XKR-S was unveiled at the Geneva Motor Show on 1 March 2011, which is the sporting flagship for the company s revitalised XK line-up. The XKR-S is the fastest and most powerful production sports GT that Jaguar has ever built.

The XF, launched in 2008, is a premium executive car that merges sports car styling with the sophistication of a luxury saloon. The Jaguar XF is Jaguar s best-selling model across the world by volume and it has garnered more than 80 international awards since its launch, including being named Best Executive Car by What Car? Magazine in every year since its launch. For 2011, fundamental design changes to the front and rear of the XF aim to bring a more assertive, purposeful stance to the XFR, which the company believes is now a bolder and more appealing automobile closer to the original C-XF concept car. In addition, the Jaguar 2012 Model Year (12MY) line-up was introduced at the New York Auto Show in April 2011, including a new four-cylinder 2.2-litre diesel version of the XF with Intelligent Stop-Start Technology, making it the most fuel-efficient Jaguar yet and allowing Jaguar to compete more effectively with competitors in the UK fleet and company car markets.

The XJ is Jaguar s largest luxury saloon vehicle, powered by a choice of supercharged and naturally aspirated 5.0-litre V8 petrol engines and a 3.0-litre diesel engine. A 3.0-litre V6 petrol engine was launched in the Chinese market in early 2011 which provides significant savings on duty in that market. Using Jaguar s aerospace inspired aluminium body architecture, the XJ s lightweight aluminium body provides improved agility and economy. In May 2010, customer deliveries of the new XJ started and it received more than 20 international awards in 2010, including Best Luxury Car from China s Auto News, Annual Limousine King from Quattroroute (Italy), Luxury Car of the Year from Top Gear (UK), Automobile Magazine s 2011 Design of the Year and Best Executive Sedan at the Bloomberg Awards in the United States. For 2011, the XJ has been upgraded to include a new Executive Package and a Rear Seat Comfort package, which makes the company s flagship model the ultimate executive limousine experience.

The Jaguar C-X75 concept car was showcased at the Paris Motorshow in September 2010 to mark the brand s 75th anniversary. This dominated all media outlets at the show. It revealed next-generation powertrain technology in the form of electric motors and a Bladon Jets developed turbine generator. The design also received great praise, leading the way for Jaguars of the future. In May 2011, the company announced its decision to build production versions of the C-X75 in association with Williams F1.

Land Rover models and update

Land Rover designs, develops and manufactures premium all-terrain vehicles that aim to differentiate themselves from the competition by their simplicity, ability, strength and durability. Land Rover s range of products comprises the Defender, Freelander 2 (LR2), Discovery 4 (LR4), Range Rover Sport and Range Rover.

The Defender is Land Rover s most capable off-roader, and is recognised as a leading vehicle in the segment targeting extreme all-terrain abilities.

The Freelander 2 is a versatile vehicle for both urban sophistication and off-road capability. For the 2011 Model Year, the company introduced a choice of 4WD and 2WD, with an eD4 engine capable of 4.98L/100km which was especially well received in major European markets.

The Discovery 4 is a mid-size SUV that features genuine all-terrain capability. A range of new features, including the new 3.0-litre LR-TDV6 diesel engine, helped the Discovery win the What Car? Magazine award for the Best 4x4 for the seventh successive year.

The Range Rover Sport combines the performance of a sports tourer with the versatility of a Land Rover.

The Range Rover is the flagship of the brand with a unique blend of British luxury, classic design with distinctive, high-quality interiors and outstanding all-terrain ability. The 2011 Model Year Range Rover, with an all-new 4.4-litre TDV8 engine, aiming to achieve a 14% reduction in CO_2 emissions and a 19% improvement in fuel consumption to 7.81L/100km compared to the 2010 Model Year, has been particularly well received in the UK, Europe and overseas.

Land Rover products offer a range of powertrains, including turbocharged V6 diesel, V6 petrol engines and V8 naturally aspirated and supercharged petrol engines, with manual and automatic transmissions.

The Range Rover Evoque, a class leading urban 4x4 was launched on 4 July 2011.

Facilities

The company operates three automotive manufacturing facilities in the United Kingdom. At Solihull, the company produces the Land Rover Defender, Discovery 4, Range Rover and Range Rover Sport models. At Castle Bromwich, the company produces the Jaguar XK, XJ and XF models. At Halewood, the company produces the Freelander and will commence production of the Range Rover Evoque at this facility in 2011. The company believes that its three existing automotive manufacturing facilities at Solihull, Castle Bromwich and Halewood provide a flexible manufacturing footprint to support its product plans. In addition to its automotive manufacturing facilities, the company also has two product development, design and engineering facilities in the United Kingdom. The facility located at Gaydon houses the company s design and engineering centre and global headquarters, and the facility located at Whitley houses a second design and engineering centre.

Sales and distribution

The company markets Jaguar products in 101 markets and Land Rover products in 174 markets, through a global network of 18 national sales companies (NSCs), 83 importers, 61 export partners and 2,241 franchise sales dealers, of which 524 are joint Jaguar and Land Rover dealers.

The company has established robust business processes and systems to ensure that its production plans meet anticipated retail sales demand and to enable the active management of its inventory of finished vehicles and dealer inventory throughout its network. These measures include continuous monitoring of retail volumes (i.e. sales from its dealers to end customers) and the level of inventory of finished vehicles at dealers and inventory en-route from the company s manufacturing facilities to the company s NSCs and dealers. The company monitors those inventory levels versus internal ideal stock targets that it believes are appropriate for each market and model. The ideal stock target reflects specific distribution requirements for each market, including the transit times for those markets. The company conducts a monthly global forecast review to assess sales running rates and volume expectations over the coming months and uses that information to plan sales actions and production actions to meet the market requirements. The company has a monthly sales and programming committee at which it reviews the sales forecast and plans, and reviews and modifies the company s production plans as required in order to meet anticipated sales levels and ensure that the company s inventory and dealer inventory of finished vehicles is managed to ideal stock levels.

The company has entered into arrangements with independent partners to provide financing to its customers, including FGA Capital, a joint venture between Fiat Auto and Credit Agricole, for the United Kingdom and European markets, Chase Auto Finance for the US market, and local providers in a number of other key markets. The company s financing partners offer its customers a full range of consumer financing options.

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Objectives and Strategies

The company has a multifaceted strategy to position itself as a leading manufacturer of premium vehicles offering high-quality products tailored to specific markets. The company s success is tied to its investment in product development, and is reflected in the strategic focus on capital expenditure, R&D and product design.

Grow the business through new products and market expansion

The company offers products in the premium performance car and all-terrain vehicle segments, and the company intends to grow the business by diversifying the product range within these segments, for example by offering different powertrain combinations. The new Range Rover Evoque will help expansion into a market segment that is attracted by a smaller, lighter and more urban off-road vehicle than the market segment in which the company s Range Rover models traditionally compete, while the new 2.2-litre diesel XF will cater for a much wider group of potential customers, particularly company car drivers.

In addition, the company has a strategy of expanding regional coverage into select geographic locations where it has identified an opportunity to grow within its core segments. As a producer of distinctive, premium products, the company believes it is well positioned to increase revenues in emerging affluent countries with growing sales potential. There are three specific aspects to the company s strategy of geographic expansion.

- The company aims to establish new manufacturing facilities, assembly points and suppliers in selected markets. For example, the company has established a product development operation in India and the company sell vehicle kits to be assembled in CKD facilities in India, Kenya, Malaysia, Turkey and Pakistan. The company is also seeking to establish a manufacturing base in China. In addition, the company will continue to look for opportunities to source materials and components in a cost-efficient manner and, in pursuit of that objective, the company has already opened purchasing offices in China and India.

- The company aims to increase its marketing and dealer network in emerging markets. For example, the company will continue to grow its presence in the Indian market by opening additional dealerships across the country. In China, the company has established an NSC to expand its presence in this key market and plans to increase the network of sales dealerships across the country, up to 100 dealerships by the end of 2011.

- The company aims to leverage its relationship with Tata Motors and the synergies it can achieve in the areas of research and product development, supply sourcing, manufacturing and assembly and other vital operations, including the co-development of a small efficient diesel engine.

Transform the business structure to deliver sustainable returns

The automobile industry is highly cyclical. To mitigate the impact of cyclicality and provide a foundation from which to invest in new products, designs and technologies in line with its overall strategy, the company plans to strengthen operations by gaining a significant presence across a select range of products and a wide diversity of geographic markets. One key component of this strategy, which delivered positive results over the last six quarters, is the company s focus on improving the mix of products and the mix of markets.

The company also plans to continue to strengthen business operations in addition to vehicle sales, such as spare part sales, service and maintenance contracts.

The company undertakes a variety of internal and external benchmarking exercises, market testing and internal comparative analysis across its own vehicles, which help it to identify cost improvement opportunities for components, systems and sub-systems. The company also explores opportunities to source materials from low-cost countries as well as sharing components across platforms in order to gain economies of scale and reduce engineering costs. The company believes its strategy to enhance global sourcing will enable it to take advantage of low-cost bases in countries such as India and China. The company is taking the same approach with engineering, where it is progressively building up capability through its product development operation in India by allowing incremental levels of design responsibility to be tested on successive programmes. In addition, the company has intensified efforts to review and realign its cost structure through a number of measures, such as the reduction of manpower costs through increased employee flexibility between sites and a rationalisation of the company s other fixed costs.

Jaguar Land Rover PLC (previously JaguarLandRover Limited)

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Investment in product development and technology to maintain high quality

One of the company s principal goals is to enhance its status as a leading manufacturer of premium passenger vehicles by investment in products, R&D, quality improvement and quality control. The company s strategy is to maintain and improve its competitive position by developing technologically advanced vehicles. Over the years, the company has enhanced its technological strengths through extensive in-house R&D activities, particularly through two advanced engineering and design centres, which centralise its capabilities in product design and engineering. In pursuit of this strategy, the company has recently embarked upon a programme of product development and improvement involving investment in research, design and technical innovation. The substantial majority of this planned product investment relates to new and replacement models, derivatives, powertrain actions and other upgrades and the associated investment in tools and facilities and other equipment.

The company considers technological leadership to be a significant factor in its continued success, and therefore continues to devote significant resources to upgrading its technological capabilities. In line with this objective, the company is involved in a number of advanced research consortia that bring together leading manufacturers, suppliers and academic specialists in the United Kingdom, supported by funding from the government s Technology Strategy Board.

The company is pursuing various quality improvement programmes, both internally and at its suppliers operations, in an effort to enhance customer satisfaction and reduce future warranty costs. The company has also established a procedure for ensuring quality control of outsourced components, and products purchased from approved sources undergo a supplier quality improvement process. Reliability and other quality targets are built into a new product introduction process. Assurance of quality is further driven by the design team, which interacts with downstream functions like process-planning, manufacturing and supplier management to ensure quality in design processes and manufacturing. The company believes its extensive sales and service network has also enabled it to provide quality and timely customer service. Through close coordination supported by IT systems, the company monitors quality performance in the field and implements corrections on an ongoing basis to improve the performance of its products.

Products and environmental performance

The company s strategy is to invest in products and technologies that position its products ahead of expected stricter environmental regulations and ensure that it benefits from a shift in consumer awareness of the environmental impact of the vehicles they drive. The company is committed to continued investment in new technologies, including developing sustainable technologies to improve fuel economy and reduce CO_2 emissions. The company is the largest investor in automotive R&D in the United Kingdom. The company also believes that it is also the leader in automotive green-technology in the United Kingdom. The company s environmental vehicle strategy focuses on new propulsion technology, weight reduction and reducing parasitic losses through the driveline. Projects like REEVolution, REHEV and Range-e are some examples of the company s research into the electrification of premium sedan and all-terrain vehicles.

The company is a global leader in the use of aluminium and other lightweight materials to reduce vehicle weight and it is ahead its competitors in the implementation of aluminium construction. The company already offers two aluminium vehicles, the Jaguar XJ and Jaguar XK. The company plan to deploy its core competency in aluminium construction across more models in its range. The new, all-aluminium Jaguar XJ 3.0 V6 twin-turbo diesel has CO_2 emissions rated at 184g/km. The company is also developing more efficient vehicle technologies. Range Rover s 2011 Model Year has been updated with an all-new 4.4-litre TDV8 with 8-speed transmission, resulting in a 14% reduction in CO_2 and an improvement in fuel consumption of nearly 19% to 7.81L/100km. The 2011 Model Year Freelander 2, which went on sale in December 2010, features a new eD4 diesel engine capable of 4.98L/100km and CO_2 emissions of 158g/km in 2WD. Jaguar s C-X75 concept car incorporates electric plus twin gas turbines and demonstrates some of the technologies the company are developing for the future.

The company is also taking measures to reduce emissions, waste and the use of natural resources from all of its operations. The company recognises the need to use resources responsibly, produce less waste and reduce its carbon footprint. The company has set itself a target for a 25% reduction in CO_2 and waste to landfill and a 10% reduction in water usage from 2007 levels by 2012. The company is implementing life cycle techniques so that it can evaluate and reduce its environmental footprint throughout the value chain.

The company has been certified to the international environmental management standard, ISO14001, since 1998. As part of integrated CO_2 management strategy it has have one of the largest voluntary CO_2 offset programmes. The company offsets all its own manufacturing CO_2 emissions and provides programmes to enable the company s customers to offset the emissions from vehicle use.

General trends in performance (including results of operations)

Results and prospects

Successful financial year

The company has had a successful year as a result of better than anticipated GDP growth in mature economies; the continuation of monetary policy and stimulus programmes deployed; and favourable exchange rates coupled with its own cost reduction and efficiency improvement initiatives. Rapid growth economies, for example China and Russia where GDP was significantly higher resulting in increased demand for premium vehicles, also helped the company s performance. The demand growth for premium car and SUV vehicle segments ranged from 14% in mature markets up to 109% in China, where the company experienced similar levels of retail growth.

Record revenue and earnings

The company generated record revenue and earnings during the year ended 31 March 2011. This was primarily driven by increased demand for both brands as well as a strong product and market mix.

Consolidated revenues for the year ended 31 March 2011 were £9,871 million, an increase of 51% compared to the year ended 31 March 2010. This was mainly driven by a combination of increased volume, product and market mix, particularly in China and Russia, for both brands and favourable exchange rate movements.

EBITDA growth

Consolidated EBITDA for year ended 31 March 2011 was £1,502 million, an increase of £1,153 million compared to the year ended 31 March 2010, a significant improvement mainly driven by increased revenue and improved margins. Increases in material costs and other expenses within the EBITDA growth is explained below.

The improvement in results of operations, particularly in EBITDA, net income and the cash and general liquidity position, were attributable to an increase in wholesale volumes and an improvement in product mix associated with the introduction of the new Jaguar XJ and the continued strength of the Range Rover and Range Rover Sport. The company also experienced an improvement in market mix, in particular the strengthening of business in China, which was supported by the launch of an NSC in China in mid-2010. Further, the company s performance was also improved by the positive impact of the strengthening of the US dollar against the pound sterling and the Euro, improving the company s revenues (a portion of which comprises wholesale volumes in US dollars) against the backdrop of a largely pound sterling and euro cost base. The improvement in the company s results of operations in the year ended 31 March 2011 was also partially attributable to further cost-efficiency improvements in material costs and manufacturing costs, supported by increased production volume levels. The company continues to benefit from cost efficiencies and effective cash management initiatives that it adopted in response to the challenging operating conditions in 2008 and 2009, including the alignment of production with demand, active management of working capital through extension of the term of trade payables and acceleration of the term of trade receivables while reducing inventories, and scaling down the cost base across its business. The company expects its strong operating cash generation to fund most product investment requirements and allow for profitable growth in the future.

Material costs of sale for the year ended 31 March 2011 were £6,178 million, an increase of £1,741 million (39%) compared to the year ended 31 March 2010. The main drivers of this increase in costs are the increase in volume, together with product and market mix (including higher duties), exchange and increases in raw materials, partially offset by cost efficiencies. For the year ended 31 March 2011 the material cost of sale as a percentage of revenue has improved over year ended 31 March 2010 by 55%. Employee costs for year ended 31 March 2011 were £789 million (5%), an increase of £42 million compared to the year ended 31 March 2010. This reflects an increase in permanent and agency headcount, primarily in Product Development, and the latest two-year wage rate agreement signed in November 2010. Other expense for the year ended 31 March 2011 was £1,969 million, an increase of £490 million (33%) compared to the year ended 31 March 2010. These costs include manufacturing and launch costs, freight and distribution costs, warranty costs, product development expense, selling and fixed marketing. Some of these were attributable to spend on the Range Rover Evoque that goes on sale during September of 2011 as well as on XJ which was launched in May 2010. Expenditure capitalised for year ended 31 March 2011 of £531 million increased by £73million compared to the year ended 31 March 2010.This reflected the increased spend on future model development for both brands.

Net Income growth

Consolidated Net Income (PAT) for the year ended 31 March 2011 was £1,036 million, an increase of £1,012 million compared to the year ended 31 March 2010. Depreciation and amortisation costs were £396 million, an increase of £79 million compared to the year ended 31 March 2010, reflecting the additional product development and facilities spend within the year. The net foreign exchange gain was £33 million, a decrease of £20 million compared to the year ended 31 March 2010. Finance income was £10 million, an increase of £7 million compared to the year ended 31 March 2010, due to the significant increase in additional cash generated by the company during year ended 31 March 2011. Finance Expense (net of capitalised interest) was £33 million, a decrease of £20 million compared to the year ended 31 March 2010. The reduction is due to the increase in capital expenditure eligible for capitalisation.

Strong volume growth

Overall consolidated retail volumes were 240,905 units, an increase of 16% compared to the prior year. Retail volumes for the year ended 31 March 2011 were 51,818 units for Jaguar and 189,087 units for Land Rover growth of 2% and 20% respectively.

Retail volumes in the UK were 58,134 units, a 2% increase on the prior period, whilst the North American retail volumes were 50,280, an increase of 21%. Retail volumes in key growth markets saw significant increases with China retail volumes ending the reporting period at 28,893 and Russia at 11,689, up on the prior reporting period by 70% and 32% respectively. There was moderate growth in Europe of 6% resulting in a retail volume of 53,711. Across all other markets the retail volume of 38,198 represented 16% growth on the prior reporting period.

Wholesale volumes for the year ended 31 March 2011 were 243,621 units, an increase of 26% on the prior reporting period. At a brand level wholesale volumes were 190,628 units for Land Rover and 52,993 units for Jaguar (30% and 12% growth respectively).

Performance in key geographical markets on retail basis

United States

United States premium car segment volumes increased by 14.4% compared to the year ended 31 March 2010, with Jaguar up 16.3%. United States premium SUV segment volumes were up 45% compared to the prior year with Land Rover up 49%.

United States retail volumes for year ended 31 March 2011 for the combined brands were 46,881 units. Jaguar retail volumes for year ended 31 March 2011 increased by 16% compared to the year ended 31 March 2010, leading to a 0.1% increase in market share. Land Rover retail volumes for the year ended 31 March 2011 increased by 23% compared to the year ended 31 March 2010, maintaining market share.

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UK

In the UK, the premium car segment volumes increased by 18.4% in the year ended 31 March 2011 compared to the year ended 31 March 2010, with Jaguar up by 18.8% for the year ended 31 March 2011. The UK the premium SUV segment volumes increased by 30% in the year ended 31 March 2011 compared to the year ended 31 March 2010, with Land Rover up 9% for the same period.

UK retail volumes for the year ended 31 March 2011 for the combined brands were 58,134 units. Jaguar retail volumes for the year ended 31 March 2011 decreased by 11% (an increase of 19% when X-Type, which ceased production in December 2009, is excluded) compared to the year ended 31 March 2010, leading to a 0.1% increase in market share. Land Rover retail volumes for year ended 31 March 2011 increased by 8% compared to the year ended 31 March 2010, maintaining market share.

Europe (excluding Russia)

The European premium car segment volume increased by 18.6% compared to the year ended 31 March 2010, and premium SUV segment volume increased by 29.7% compared to the year ended 31 March 2010.

European retail volume for year ended 31 March 2011 for the combined Jaguar Land Rover brands were 53,711 units, representing a 6.6% increase compared to the year ended 31 March 2010. Jaguar retail volume for year ended 31 March 2011 decreased by 4.5% (increase of 20% when X-Type, which ceased production in December 2009, is excluded) compared to the year ended 31 March 2010. Jaguar increased its share of the segment by 0.1 percentage points to 2.4%. Land Rover retail volume for the year ended 31 March 2011 increased by 9.8% compared to the year ended 31 March 2010, whilst its segment share decreased by 0.5 percentage points to 2.9%. Trading within certain European markets remained challenging during the period, especially with the recent uncertainty in Greece, Portugal, Spain, Ireland and Italy which has prompted the downgrading of sovereign debt ratings and has led to additional pressure on financial markets.

Russia

Russia premium car segment volume increased by 61.1% in the year ended 31 March 2011 compared to the year ended 31 March 2010, with Jaguar up 70.8% for year ended 31 March 2011 and the premium SUV segment volume increased 52% in the year ended 31 March 2011 compared to year ended 31 March 2010 with Land Rover up 33% for the year ended 31 March 2011.

The Russia retail volume for year ended 31 March 2011 for the combined brands were 11,689 units. Jaguar retail volume for the year ended 31 March 2011 increased by 27% compared to the year ended 31 March 2010, leading to a 0.2% increase in market share. Land Rover retail volume for the year ended 31 March 2011 increased by 33% compared to the year ended 31 March 2010, leading to a 2% decrease in market share. The Russian market was showing signs of recovery from the global economic crisis, driven particularly by the sharp fall in oil prices and the drying-up of foreign credits on which Russian banks and companies tend to rely heavily.

China

The China premium car segment volumes (for imports) increased by 46% in the year ended 31 March 2011 compared to the year ended 31 March 2010, with Jaguar up 51% for year ended 31 March 2011. The China premium SUV segment volumes (for imports) increased by 109% in the year ended 31 March 2011 as compared to the year ended 31 March 2010, with Land Rover up 73% for the year ended 31 March 2011.

The China retail volume for year ended 31 March 2011 for the combined brands were 28,893 units. Jaguar retail volume for the year ended 31 March 2011 increased by 41% compared to the year ended 31 March 2010, leading to a 0.1% increase in market share. Land Rover retail volume for the year ended 31 March 2011 increased by 74% compared to the year ended 31 March 2010, leading to a 2% decrease in market share.

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Growth within the Chinese market was further enhanced through the strengthening of the company s business in China, which was supported by the launch of an NSC in China in mid-2010.

Business risks and mitigating factors

Global economic environment

The company is focused on the premium end of the automotive industry, and can be heavily influenced by general economic conditions around the world. The demand for its vehicles is influenced by a variety of factors, including, among other things, the growth rate of the global economy, availability of credit, disposable income of consumers, interest rates, environmental policies, tax policies, safety regulations, freight rates and fuel prices. As a result of the recent global financial crisis, the company s business sustained significant losses in financial period 2009 due to the combination of global recession, lack of credit availability and increasing fuel prices. The global economic climate has improved since then, and whilst some key markets, such as the UK and US are growing more slowly than expected, the company s global reach and recognised brand names have enabled it to benefit from significant growth in Chinese and Russian markets. The company continues to monitor economic indicators within key markets as well as retail volume trends in order to manage production and vehicle distribution. The company is continuing to develop vehicles which are specifically aimed at these markets, such as a 3.0 litre petrol engine to minimise China import duties and enhanced rear seat entertainment systems reflecting the different priorities of the company s customers. The company s product development programme is aimed at ensuring the company has the right vehicles available for the right markets at the right price, reflecting different priorities and uses across the globe.

Government regulations

The company is subject throughout the world to comprehensive and constantly changing laws, regulations and policies. The company expects the number and extent of legal and regulatory requirements and the related costs of changes to the company s product line-up to increase significantly in the future. In Europe and the United States, for example, governmental regulation is primarily driven by concerns about the environment (including greenhouse gas emissions), vehicle safety, fuel economy and energy security. The European Union passed legislation in April 2009 to begin regulating vehicle carbon dioxide emissions in 2012. The legislation sets a target of a fleet average of 130 grams per kilometre by 2012 and an ambitious target of 95 grams per kilometre by 2020, with the specific requirements for each manufacturer based on the average weight of the vehicles it sells. The company has applied to receive a permitted derogation from this emissions requirement available to small volume and niche manufacturers. If the company s derogation request is successful, the company would be permitted to reduce the company s emissions by 25% from 2007 levels rather than meeting a specific CO_2 emissions target. Moreover, in 2007 the European Parliament adopted the latest in a series of more stringent standards for emissions of other air pollutants from passenger vehicles, to be phased in from September 2009 (Euro 5) and September 2014 (Euro 6). At the national level, an increasing number of EU Member States have adopted some form of fuel consumption or carbon dioxide-based vehicle taxation system.

Additional measures have been proposed or adopted in the European Union to regulate safety features, tyre-rolling resistance, vehicle air conditioners, tyre-pressure monitors and gear shift indicators.

In the United States, the Corporate Average Fuel Economy (CAFE), standards for passenger cars will require manufacturers of passenger vehicles and light trucks to meet an estimated combined average fuel economy level of at least 6.75L / 100km by 2020. California is implementing more stringent fuel economy standards. Moreover, under new US federal greenhouse gas regulations, passenger cars and light trucks for model years 2012 through 2016 must meet an estimated combined average emissions level of 250 grams of carbon dioxide per mile.

To comply with current and future environmental norms, the company may have to incur additional capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, which would have an impact on the company s cost of production and the results of operations and may be difficult to pass through to the company s customers. If the company is unable to develop commercially viable technologies within the time frames set by the new standards, the company could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance.

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Changes in corporate and other taxation policies, import or tariff policies, which are beyond the company s control and unpredictable could adversely affect the company s results of operations.

The company s product development plan is structured to allow it to develop vehicles which comply with current and expected future environmental regulations particularly in the United States covered by the CAFE and in other countries such as China.

Interest rate, currency and exchange rate fluctuations

The company has both interest-bearing assets (including cash balances) and interest-bearing liabilities, many of which bear interest at variable rates. The company is therefore exposed to changes in interest rates in the various markets in which the company borrow. While the directors revisit the appropriateness of these arrangements in light of changes to the size or nature its operations, the company may be adversely affected by the effect of changes in interest rates.

The company s operations are also subject to fluctuations in exchange rates with reference to countries in which the company operate. The company sells vehicles in the United Kingdom, North America, the Rest of Europe, China, Russia and many other markets and therefore generates revenue in, and has significant exposure to movements of, the US Dollar, Euro, Chinese Renminbi, Russian Rouble and other currencies relative to pounds sterling. The company sources the majority of its input materials and components and capital equipment from suppliers in the United Kingdom and Europe with the balance from other countries, and therefore has cost in, and significant exposure to the movement of, the euro and other currencies relative to pounds sterling. The majority of the company s product development and manufacturing operations and the company s global headquarters are based in the United Kingdom, but the company also has national sales companies which operate in the major markets in which the company sell vehicles.

Moreover, the company has outstanding foreign currency denominated debt and is sensitive to fluctuations in foreign currency exchange rates. The company has experienced, and expects to continue to experience, foreign exchange losses and gains on obligations denominated in foreign currencies in respect of the company s borrowings and foreign currency assets and liabilities due to currency fluctuations.

The company has managed to mitigate, to a certain extent, the foreign exchange risk in the short and medium term by making appropriate hedging arrangements. Adequacy of hedging lines, limitations on tenor and inherent risks of hedging arrangements themselves continue. These are being continuously monitored for timely action within the overall constraints.

Supply chain

The company relies on third parties for sourcing raw materials, parts and components used in the manufacture of the company s products. The company s ability to procure supplies in a cost effective and timely manner or at all is subject to various factors, some of which are not within the company s control. While the company manages its supply chain as part of the its supplier management process, any significant problems with suppliers or shortages of essential raw materials in the future could have an impact on the company s operations.

Risks of disruption due to natural disasters, could impact the supply chain. A natural disaster could cause suppliers to halt, delay or reduce production, which could reduce or disrupt the supply of such raw materials, pre-products and vehicle parts and / or an increase in their cost. Any significant interruption in the supply of key inputs could adversely affect the company s ability to maintain its current and expected levels of production and therefore negatively affect its revenues.

The recent tragic earthquake and tsunami in Japan shows the vulnerability of the automotive supply chain to external shocks. Several suppliers to the automotive industry, including those to the company, were severely impacted by the earthquake and tsunami and its after-effects. The company, however, managed to avoid any production disruption by working with its overall supply base to temporarily resource components and help Japanese suppliers to restart production.

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In managing a complex supply chain the company has developed close relationships with both direct and indirect suppliers. The company continues to develop long-term strategic relationships with suppliers to support the development of parts, technology and production facilities.

Seasonality and cyclicality

The sales volumes and prices for the company s veh